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C O N F I D E N T I A L BUENOS AIRES 000178

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [EINV](#) [EPET](#) [KPAO](#) [KCOR](#) [MARR](#) [VZ](#) [AR](#)  
SUBJECT: ARGENTINA: AMBASSADOR'S MEETING WITH CHIEF CABINET  
MINISTER ON STRENGTHENING THE BILATERAL RELATIONSHIP

REF: A. BUENOS AIRES 124

[1](#)B. WAYNE-SHANNON-MCMULLEN EMAILS 2/12/08  
[1](#)C. BUENOS AIRES 172

Classified By: Ambassador E. Anthony Wayne for reasons (B) and (D).

[1](#)1. (C) Summary: On February 12, Ambassador lunched with Argentina's Chief Cabinet Minister Alberto Fernandez (AF) in the first in a newly initiated series of monthly lunches developed to help manage U.S.-Argentine relations. Topics covered included working with A/S Shannon and others to foster U.S.-GOA relations; VIP visits to and from Argentina; U.S. investment; problems with GoA economic statistics; Trafficking in Persons; and possible U.S. medical advice for a disabled GoA official close to AF. Comment: AF is demonstrating a strong commitment to U.S.-Argentine relations. His efforts contrast with those of his long-time rival in the GoA, Planning Minister Julio De Vido, who traveled to Venezuela this week to negotiate an oil-for-food deal with the GBRV and to be photographed with Chavez. It looks like AF's subsequent request to publicize his phone call with A/S Shannon (ref b) reflects in part an effort to demonstrate ties with both the USG and Venezuela. It may also reflect the Fernandez-De Vido rivalry. End summary/comment.

[1](#)2. (C) Following up on the Ambassador's reftel January 31 meeting with President Cristina Fernandez de Kirchner (CFK), Ambassador lunched with Alberto Fernandez (AF), the President's Cabinet Minister who had negotiated a solution to recent U.S.-Argentine difficulties. Fernandez and the Ambassador had agreed to begin regular monthly meetings to discuss bilateral issues and to try to manage successfully any challenges that might arise. This lunch was hosted at a private hotel by a close private sector advisor to Fernandez, Gustavo Cinosi, who played a vital intermediary role in the U.S.-Argentine reconciliation.

Fernandez-Shannon Phone Call and Upcoming Travel  
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[1](#)3. (C) WHA A/S Shannon had called AF earlier in the day (as previously agreed) to discuss AF's travel to the United States and Shannon's possible travel to Argentina. AF confirmed that he and ex-president Nestor Kirchner would travel to New York to participate in a Council of Americas seminar in the first two weeks of March, and Shannon had said that he would like to arrange a meeting with them and then subsequently visit Argentina, AF said. The Ambassador said that A/S would have to leave on a trip March 13 and thus it would be better if AF's visit could take place before that. AF agreed he would try to arrange his travel dates to reflect

Shannon's availability.

¶4. (C) AF said he wanted to use his visit and that of Foreign Minister Taiana, as well as the subsequent visit of A/S Shannon to Argentina, to keep momentum going in bilateral relations. He noted his hope that we could manage these meetings and travels by top officials, including Secretary Rice, to avoid any new reversals in our relationship and to highlight that we are working together. For example, if Secretary Rice were traveling to the region, AF said he hoped

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it would not look like the USG was hopscotching over Argentina, as this would set off the Argentine press. AF said he knows that the U.S. has strong ties with Brazil and regular meetings are held at ministerial levels, and that there are good reasons to visit Peru, Chile, or Uruguay. At the same time, he said, he wants to keep our bilateral ties moving positively and not see negative press stories in Argentina that would endanger the confidence-rebuilding process.

¶5. (C) AF said that he was very open to working with us about how to manage this challenge - an early Shannon visit, a brief meeting between Secretary Rice and Taiana in Washington, or even a brief stop in Buenos Aires by the Secretary, if that would be possible. The key, in his view,

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is to maintain and build momentum now that we are back on track. The Ambassador said he would work closely with A/S Shannon on good options. AF said that he also wanted to get the most out of his trip to New York City with Nestor Kirchner and would appreciate any suggestions. He expressed interest in meetings with business organizations as well as the Council of the Americas, and perhaps a call at a big investment bank to get their take on the global economic situation. Ambassador also went over upcoming U.S. visitors, including Codel Engel, PDDNI Donald Kerr, Codel Shelby, FBI visitors, and a number of public diplomacy visitors and

events.

CFK's Travel to the UK

¶6. (C) AF said that President CFK had received an invitation from Gordon Brown in his capacity as leader of the UK's Labor Party to attend a meeting of international party leaders to be held in the UK in April. This is the annual event originally started by Tony Blair and Bill Clinton. AF said he believed this would be a good opportunity for CFK to interact with a variety of political leaders from key countries.

Possible Medical Advice for a GoA official

¶7. (C) GoA Ambassador-designate to the United States Hector Timerman had raised with the Ambassador recently the case of Jorge Rivas, who is Alberto Fernandez's deputy. Last November, Rivas suffered a serious brain injury as a result of a beating he sustained during an attempted car-jacking. His recovery, said Timerman, has been frustratingly halting. Timerman asked if the USG might be able to offer advice on treatments to help Rivas recover. Ambassador subsequently learned that the Embassy's regional physician had in other cases helped make connections between U.S. specialists and local individuals (especially officials) with serious injuries. Ambassador explained Timerman's suggestion to AF, and the possible assistance that our physician might be able to provide. AF expressed much appreciation for the offer. He said he would explore this possibility with the family and get back to us.

GoA Decisions on Trafficking in Persons Legislation

¶8. (C) The Ambassador recounted his discussion with Justice Minister Anibal Fernandez earlier in the day on the need for an Argentine federal law against trafficking in persons (ref c). AF confirmed that CFK had decided to move rapidly with the version of the law passed by Argentina's Senate even though it does not have perfect language on the matter of consent of adults. She did this on the understanding that it would be very difficult to work through the differences on the consent issue among legislators, and she wanted to get a federal law in place rapidly so the government can start acting more effectively against this problem. Ambassador and AF had a long discussion on the matter of consent for adults.

AF argued that: 1) in Argentina, as in certain counties in the U.S. state of Nevada, prostitution by individuals is legal in Argentina; and 2) in cases where there is pressure or coercion to engage in prostitution, other Argentine laws will apply. Prosecutors, he claimed, can prove even psychological pressure without much difficulty in Argentine courts.

#### Encouraging Inward Investment & Reliable Economic Data

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¶9. (C) AF said the GoA wants our help in promoting U.S. investment. The Ambassador said we would be happy to help, but reminded AF that the key is that investors want certainty about the rules of game and a workable, transparent system for resolving disputes. Right now, neither of these is clear in Argentina, and companies have to examine very closely government policies that affect their particular industry or service sector. For example, the energy sector faces selective government intervention and an array of regulatory and tax practices that can hardly be called investment-friendly. The government has also just changed important rules and imposed new taxes in the mining sector, with neither advance notice nor consultation with industry players. In contrast, the high tech and services sectors that enjoy little government interference are attracting significant investment, notably from the United States.

¶10. (C) The Ambassador noted that another troublesome problem was the official statistics agency INDEC. The embassy had worked hard over the last weekend to correct misleading headlines in the leading daily "Clarín" that claimed in headlines that we were taking sides in the debate about INDEC's reliability on inflation. However, the Ambassador continued, the GoA really needs to restore credibility to the agency. It is very harmful that there is such a lack of confidence in the GoA's statistics in Argentina and internationally. AF argued that inflation is of special concern to Argentines (given the nation's history of

hyperinflationary episodes) and that inflation is very hard to measure. Ambassador accepted both points, but insisted that public debate over basic economic data like prices harms investor confidence, among other things.

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